



1700 N. Moore Street, Suite 2250, Arlington, VA 22209
Phone: 703-841-2300 Fax: 703-841-1184
Email: info@retail-leaders.org www.retail-leaders.org

July 21, 2004

The Honorable Michael K. Powell
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: **AT&T Corp. Petition for Declaratory Ruling Regarding Enhanced Prepaid Card Services, WC Docket No. 03-133**

Dear Chairman Powell:

I write on behalf of the Retail Industry Leaders Association ("RILA"), the world's leading alliance of the fastest growing and most innovative retailers and their product and service suppliers. RILA members represent more than \$1 trillion in sales annually and operate more than 100,000 stores, manufacturing facilities, and distribution centers nationwide. Its member retailers and suppliers have facilities in all 50 states, as well as internationally, and employ millions of Americans.

It has come to our attention that the FCC may soon issue a ruling that will adversely affect the prepaid card industry and the millions of consumers who use these cards. Prepaid cards are sold at stores ranging from the smallest neighborhood convenience store to the largest retail chains, and in most cases, are considered a staple product for these retailers. Given the high volume of prepaid cards that are sold in these stores, we expect retailers will be harmed financially if the FCC applies any additional fees or costs to these prepaid card services. Any increase in the cost of providing these services will also be passed on to the consumers who purchase these cards.

Market research shows the primary users of prepaid cards are low-income, elderly, and minority individuals and members of our armed forces. Regulators should be slow to shift costs to these consumers, who are least able to bear increased costs.

RILA urges the FCC to refrain from any action that will increase the cost of providing prepaid card service. Instead, the Commission should maintain the current environment in which the industry can continue to flourish and ensure the continued availability through America's retailers of reasonably priced pre-paid calling card options to America's consumers.

Sincerely,

Sandra L. Kennedy
President

cc: Commissioner Abernathy
Commissioner Adelstein
Commissioner Copps
Commissioner Martin